

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

ENTERPRISE GAS PROCESSING , LLC

AI # 17691

PROCEEDINGS UNDER THE LOUISIANA

ENVIRONMENTAL QUALITY ACT

LA. R.S. 30:2001, ET SEQ.

* **Settlement Tracking No.**

* **SA-AE-07-0029**

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* **Enforcement Tracking No.**

* **AE-CN-06-0092**

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SETTLEMENT

The following Settlement is hereby agreed to between Enterprise Gas Processing , LLC ("Respondent") and the Department of Environmental Quality ("DEQ" or "the Department"), under authority granted by the Louisiana Environmental Quality Act, La. R.S. 30:2001, et seq. ("the Act").

I

Respondent is a limited liability company that operates a gas processing facility located in St. Bernard, St. Bernard Parish, Louisiana ("the Facility").

II

On July 12, 2006, the Department issued a Consolidated Compliance Order and Notice of Potential Penalty, Enforcement No. AE-CN-06-0092, to the Respondent, which was based upon the following findings of fact:

The Respondent owns and/or operates the Toca Gas Processing Plant located at 2300 Bayou Road, St. Bernard, St. Bernard Parish, Louisiana. At all times pertinent hereto, the facility

operated under Title V Permit Number 2500-00013-V3 issued on October 29, 2003, and currently operates under Title V Permit Number 2500-00013-V4 issued on June 22, 2007.

According to a letter dated May 3, 2006, on or about April 26, 2006, the Respondent determined that there had been an air permitting oversight involving an inadvertent omission of the emission calculation associated with the pressure drop of the condensate into the storage tanks (EQT10, EQT11, and EQT12). The Respondent met with representatives of the Enforcement and Permits Divisions to discuss the non-compliance issue on May 10, 2006. According to the follow-up letter from the meeting, dated May 15, 2006, the omission of the emissions was discovered from modeling performed to determine if the condensate recovery system could be expanded to handle more condensate. The facility receives inlet gas from Southern Natural Gas Pipeline (SONAT). According to the Respondent, SONAT removes a majority of the condensate from the natural gas but some condensate still remains that must be removed at the Toca facility. The condensate is processed in the condensate stabilization system in two stages, one at a high pressure and one at lower pressure. The condensate left after the second stage then goes to three atmospheric slop oil tanks. The stabilization system at the Toca facility was designed to handle 1,000 barrels of unstabilized condensate per day. In the summer of 2005, the lines were "pigged" to push the liquid out of the pipeline. This event generated an unusually large amount of liquid estimated to be 30,000 barrels. The liquid exceeded the capacity of the condensate recovery systems at both SONAT and the Toca facility and shut them down. After this event, the Respondent began reviewing the system to determine its capabilities and to determine if the

system could be expanded to handle more condensate. In August 2005, the Respondent collected a sample of the condensate for modeling purposes and discovered that the modeled emissions from the slop oil tanks (EQT10, EQT11, and EQT12) were higher than permitted.

According to a letter dated May 23, 2006, the Respondent proposes to design and install a permanent system to address the noncompliant emissions. However, in the interim, the Respondent will install a temporary flare to capture emissions which are currently uncontrolled emissions from the partially stabilized condensate flashing to atmospheric pressure. The May 23, 2006 letter stated that the Respondent requested a variance in accordance with LAC 33:III.917 for the installation of the temporary flare which will control the excess emission and will also address air emissions that will be generated from the combustion of emissions from the pilot. Based on information provided by the Respondent, the flare is assumed to have a nominal 98% destruction efficiency of the VOC emissions. The variance for the temporary flare was approved by the Department on May 31, 2006.

On May 24, 2006, a file review was performed to determine the degree of compliance with the Act and the Air Quality Regulations.

The following violations were noted during the course of the file review:

- A. According to information submitted by the Respondent on or about May 3, 2006, and May 15, 2006, the calculated emissions associated with the pressure drop of the condensate in the storage tanks (EQT10, EQT11, and EQT12) were inadvertently omitted from the 2003 air permit. The emissions omitted from the air permit are estimated in the following table:

Estimated Total Toxic Air Pollutant Emissions from the Slop Oil Tanks (EQT10, EQT11, and EQT12) Omitted from the Permit Application		
	Average, pounds per day	Maximum, pounds per day
Benzene	20	30
Toluene	80	120
Ethyl benzene	30	50
Xylene	110	170
n-Hexane	160	250
Cyclohexane	90	140

The failure to include these emissions in the permit is a violation of General Condition III of Title V Permit Number 2500-00013-V3, LAC 33:III.501.C.4, and Section 2057(A)(1) and 2057(A)(2) of the Act.

- B. According to the Annual Compliance Certification for the year 2005, the Risk Management Plan (RMP) was submitted on February 2, 1999. The plan is required to be updated within five years of its initial submission or most recent update. The RMP was updated on January 28, 2005. The failure to update the RMP within five years of the most recent update or initial submission is a violation of LAC 33:III.501.C.4, 40 CFR 68.190(b)(1) which language has been incorporated by LAC 33:III.5901.A, and Sections 2057(A)(1) and 2057 (A)(2) of the Act.

III

Respondent denies it committed any violations or that it is liable for any fines, forfeitures and/or penalties.

IV

Nonetheless, Respondent, without making any admission of liability under state or federal statute or regulation, agrees to pay, and the Department agrees to accept, a payment in the amount of THIRTY THOUSAND AND NO/100 DOLLARS (\$30,000.00), of which One Hundred Seventy-three and 25/100 Dollars (\$173.25) represents DEQ's enforcement costs, in settlement of the claims set forth in this agreement.

V

Respondent, in addition to the penalty amount specified in Paragraph IV above and as part of this Settlement, agrees to expend the amount of \$25,000.00 to implement and/or perform the following beneficial environmental projects:

- A. The Respondent shall donate Twenty-five Thousand and No/100 Dollars (\$25,000.00) to the St. Bernard Parish Government to assist in the repair of fire station #10 in the town of Verret, St. Bernard Parish, Louisiana, and shall be paid within 45 days of Respondent's receipt of the final settlement agreement.
- B. Respondent shall submit a report to the Department verifying that the funds have been donated. Respondent shall make such report within thirty (30) days after the donation has been made and/or notice is received by Respondent of the expenditure of the donated funds.
- C. If Respondent does not spend the amount of \$25,000.00, then it shall, in its final report, propose additional projects for the Department's approval or pay to the Department an amount equal to the difference between the amount of money agreed to be spent and the amount of money actually spent.
- D. The total amount of money expended by Respondent on cash payments to DEQ and on beneficial environmental projects, as described above, shall be considered a civil penalty for tax purposes, as required by La. R.S. 30: 2050.7(E)(1).

VI

Respondent further agrees that the Department may consider the inspection report(s), the Consolidated Compliance Order and Notice of Potential Penalty and this Settlement for the

purpose of determining compliance history in connection with any future enforcement or permitting action by the Department against Respondent, and in any such action Respondent shall be estopped from objecting to the above-referenced documents being considered as proving the violations alleged herein for the sole purpose of determining Respondent's compliance history.

VII

This agreement shall be considered a final order of the secretary for all purposes, including, but not limited to, enforcement under La. R.S. 30:2025(G)(2), and Respondent hereby waives any right to administrative or judicial review of the terms of this agreement, except such review as may be required for interpretation of this agreement in any action by the Department to enforce this agreement.

VIII

This settlement is being made in the interest of settling the state's claims and avoiding for both parties the expense and effort involved in litigation or an adjudicatory hearing. In agreeing to the compromise and settlement, the Department considered the factors for issuing civil penalties set forth in LSA- R. S. 30:2025(E) of the Act and the rules relating to beneficial environmental projects set forth in LAC 33:I.Chapter 25.

IX

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in St. Bernard Parish, Louisiana. The advertisement, in form, wording, and size approved by the Department, announced the availability of this settlement for public view and comment and the opportunity for a public hearing. Respondent has submitted

a proof-of-publication affidavit to the Department and, as of the date this Settlement is executed on behalf of the Department, more than forty-five (45) days have elapsed since publication of the notice.

X

Payment of the cash payment of \$30,000.00 is to be made to the Department within ten (10) days from notice of the Secretary's signature. If payment is not received within that time, this Agreement is voidable at the option of the Department. Payments are to be made by check, payable to the Department of Environmental Quality, and mailed or delivered to the attention of Accountant Administrator, Financial Services Division, Department of Environmental Quality Post Office Box 4303, Baton Rouge, Louisiana, 70821-4303. Each payment shall be accompanied by a completed Settlement Payment Form (Exhibit A).

XI

In consideration of the above, any claims for penalties are hereby compromised and settled in accordance with the terms of this Settlement.

XII

Each undersigned representative of the parties certifies that he or she is fully authorized to execute this Settlement Agreement on behalf of his/her respective party, and to legally bind such party to its terms and conditions.

ENTERPRISE GAS PROCESSING, LLC

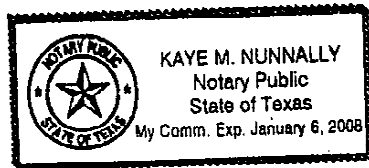
BY: Terry L. Hurlburt
(Signature)

SAT

Terry L. Hurlburt
(Print)

TITLE: Sr. Vice President, Operations

THUS DONE AND SIGNED in duplicate original before me this 11th day of November, 20 07, at 1100 Louisiana, Houston, TX.



Kaye M. Nunnally
NOTARY PUBLIC (ID # _____)

Kaye M. Nunnally
(Print)

**LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
Harold Leggett, Ph.D., Secretary**

BY: Peggy M. Hatch
Peggy M. Hatch, Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 15th day of February, 20 08, at Baton Rouge, Louisiana.

[Signature]
NOTARY PUBLIC (ID # 42539)
[Signature]
(Print)

Approved: [Signature]
Harold Leggett, Ph.D., Assistant Secretary